



**CHARITON COUNTY, MISSOURI  
YEARS ENDED DECEMBER 31, 2003 AND 2002**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2004-77  
September 28, 2004  
[www.auditor.mo.gov](http://www.auditor.mo.gov)**

# AUDIT REPORT





Office Of The  
State Auditor Of Missouri  
Claire McCaskill

September 2004

**IMPORTANT:** The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Chariton, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

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This audit of Chariton County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county incurred engineering costs of \$54,352 for federal bridge projects during the two years ended December 31, 2003. The county used one engineering firm for the various projects and did not solicit proposals from other firms as required by state law.
- The County Commission sometimes approves expenditures without reviewing detailed supporting documentation and ensuring goods or services have been received. Some expenditures related to meetings or training conferences (totaling approximately \$1,560) lacked sufficient supporting documentation.
- In 1999, mid-term raises, of approximately \$9,684, were given to the Associate Commissioners. On May 15, 2001, the Missouri Supreme Court handed down an opinion that challenged the validity of Section 50.333.13, RSMo, which allowed county salary commissions in 1997 to provide mid-term salary increases for associate county commissioners. The Supreme Court held this section of law violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. The county has not documented its review of the Supreme Court decision.
- The Public Administrator's salary was set at 90 percent of the salary provided by state law to correspond with the percentage of the maximum salaries paid to other officials. There was no legal documentation supporting whether the public administrator should receive the minimum salary provided by state law or a percentage of the minimum. Since going on salary in 2001, the Public Administrator has not provided time and mileage records for the court's approval and no fees have been assessed to cases and transmitted to the county treasury. As a result, the county which pays the Public Administrator's salary, is not recouping any of the salary costs.

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- The county's personnel policies manual has not been updated since 1989. Some policies are not being followed and additional guidelines are needed for some county procedures.
- While the county has developed general fixed asset procedures, these procedures have not been fully implemented, required tasks are not always performed, and the fixed asset record is incomplete.
- The County Clerk does not ensure the township road boards' financial statements are prepared and published as required by state law.
- Formal procedures have not been established by the circuit court to ensure all accrued costs (court costs, incarceration costs, court-ordered restitution, and fines) are adequately identified and pursued. Weaknesses were noted with the communication and overall recordkeeping procedures.

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CHARITON COUNTY, MISSOURI

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## FINANCIAL SECTION



## State Auditor's Reports





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission  
and  
Officeholders of Chariton County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Chariton County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Chariton County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2003 and 2002, on the basis of accounting discussed in Note 1.



In accordance with *Government Auditing Standards*, we also have issued our report dated June 10, 2004, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Chariton County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

June 10, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	Stacy Griffin-Lowery
Audit Staff:	Kelly Davis, CPA





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Chariton County, Missouri

We have audited the financial statements of various funds of Chariton County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 10, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Chariton County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Chariton County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition.



in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Chariton County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

June 10, 2004 (fieldwork completion date)



## Financial Statements



Exhibit A-1

CHARITON COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 29,789	1,188,611	1,187,577	30,823
Special Road and Bridge	429,117	1,226,761	1,179,336	476,542
Assessment	1,174	128,422	129,596	0
Law Enforcement Training	551	2,737	2,316	972
Law Enforcement Sales Tax	1,082,383	276,840	453,239	905,984
Prosecuting Attorney Training	64	451	0	515
Prosecuting Attorney Bad Check	23,065	2,672	5,215	20,522
Prosecuting Attorney Delinquent Tax	8,630	167	1,430	7,367
Victims Of Domestic Violence	2,975	251	1,500	1,726
Recorder User Fee	16,200	7,647	1,796	22,051
Health Center	183,817	311,874	305,385	190,306
Law Library	79	3,149	2,484	744
Circuit Clerk Interest	714	63	184	593
Associate Clerk Interest	31	45	0	76
Drainage Districts	173,624	23,646	24,135	173,135
Senate Bill 40 Board	116,714	79,640	54,075	142,279
Sheriff Fund	1,976	7,941	8,544	1,373
Election Services	3,158	702	656	3,204
Tax Maintenance	229	5,945	813	5,361
Grant Fund	188	35,619	35,807	0
Enhanced 911	461,818	491,235	258,225	694,828
Total	\$ 2,536,296	3,794,418	3,652,313	2,678,401

The accompanying Notes to the Financial Statements are an integral part of this statement.



Exhibit A-2

CHARITON COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 91	1,219,728	1,190,030	29,789
Special Road and Bridge	561,603	1,106,920	1,239,406	429,117
Assessment	3,873	123,372	126,071	1,174
Law Enforcement Training	594	2,120	2,163	551
Law Enforcement Sales Tax	1,041,552	268,534	227,703	1,082,383
Prosecuting Attorney Training	327	366	629	64
Prosecuting Attorney Bad Check	21,942	2,964	1,841	23,065
Prosecuting Attorney Delinquent Tax	8,454	176	0	8,630
Victims Of Domestic Violence	4,051	424	1,500	2,975
Recorder User Fee	13,453	8,033	5,286	16,200
Health Center	172,683	329,325	318,191	183,817
Law Library	294	2,530	2,745	79
Circuit Clerk Interest	631	83	0	714
Associate Clerk Interest	0	31	0	31
Drainage Districts	161,811	24,604	12,791	173,624
Senate Bill 40 Board	98,384	73,447	55,117	116,714
Sheriff Fund	2,579	9,200	9,803	1,976
Election Services	3,377	2,187	2,406	3,158
Tax Maintenance	0	229	0	229
Grant Fund	0	119,884	119,696	188
Enhanced 911	35,018	472,174	45,374	461,818
Total	\$ 2,130,717	3,766,331	3,360,752	2,536,296

The accompanying Notes to the Financial Statements are an integral part of this statement.



## Exhibit B

## CHARITON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 3,874,564	3,794,373	(80,191)	4,067,435	3,766,071	(301,364)
DISBURSEMENTS	4,488,362	3,652,313	836,049	4,365,398	3,360,752	1,004,646
RECEIPTS OVER (UNDER) DISBURSEMENTS	(613,798)	142,060	755,858	(297,963)	405,319	703,282
CASH, JANUARY 1	2,536,201	2,536,201	0	2,130,706	2,130,653	(53)
CASH, DECEMBER 31	1,922,403	2,678,261	755,858	1,832,743	2,535,972	703,229
<b>GENERAL REVENUE FUND</b>						
RECEIPTS						
Property taxes	308,000	313,620	5,620	305,000	307,468	2,468
Sales taxes	290,000	326,065	36,065	278,000	354,751	76,751
Intergovernmental	224,795	157,717	(67,078)	276,180	206,808	(69,372)
Charges for services	138,000	139,628	1,628	137,850	135,198	(2,652)
Interest	3,000	1,541	(1,459)	4,500	2,862	(1,638)
Other	205,835	215,040	9,205	174,450	177,641	3,191
Transfers in	36,200	35,000	(1,200)	35,000	35,000	0
Total Receipts	1,205,830	1,188,611	(17,219)	1,210,980	1,219,728	8,748
DISBURSEMENTS						
County Commissioner	74,916	73,031	1,885	75,016	72,993	2,023
County Clerk	86,154	79,734	6,420	87,737	82,427	5,310
Elections	15,800	11,229	4,571	34,900	27,836	7,064
Buildings and grounds	101,696	88,295	13,401	92,690	85,661	7,029
Employee fringe benefit	166,100	152,140	13,960	160,638	147,447	13,191
County Treasurer	59,111	58,266	845	60,173	58,878	1,295
County Collector	3,000	2,937	63	3,000	2,910	90
Ex Officio Recorder of Deed	26,539	23,413	3,126	50,198	23,289	26,909
Associate Circuit Court	12,900	4,421	8,479	12,800	5,373	7,427
Court administration	17,395	11,865	5,530	17,811	13,059	4,752
Public Administrator	16,002	14,386	1,616	16,902	16,055	847
Sheriff	438,229	446,351	(8,122)	414,356	424,506	(10,150)
Jail	59,000	48,209	10,791	54,000	61,119	(7,119)
Prosecuting Attorney	63,917	61,619	2,298	66,110	61,934	4,176
Juvenile Officer	17,870	9,688	8,182	17,870	12,515	5,355
County Coroner	15,787	12,479	3,308	16,184	10,866	5,318
Other	88,595	76,754	11,841	77,230	76,162	1,068
Transfers out	10,646	12,760	(2,114)	7,550	7,000	550
Emergency Fund	36,200	0	36,200	35,000	0	35,000
Total Disbursements	1,309,857	1,187,577	122,280	1,300,165	1,190,030	110,135
RECEIPTS OVER (UNDER) DISBURSEMENTS	(104,027)	1,034	105,061	(89,185)	29,698	118,883
CASH, JANUARY 1	29,789	29,789	0	91	91	0
CASH, DECEMBER 31	(74,238)	30,823	105,061	(89,094)	29,789	118,883



## Exhibit B

## CHARITON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	1,309,600	1,211,248	(98,352)	1,550,500	1,076,090	(474,410)
Interest	14,500	4,392	(10,108)	19,000	11,114	(7,886)
Other	3,000	9,624	6,624	0	3,690	3,690
Transfers in	13,500	1,497	(12,003)	7,000	16,026	9,026
Total Receipts	1,340,600	1,226,761	(113,839)	1,576,500	1,106,920	(469,580)
<b>DISBURSEMENTS</b>						
Salaries	140,000	108,693	31,307	170,000	137,749	32,251
Employee fringe benefit	34,150	22,597	11,553	53,180	37,993	15,187
Supplies	23,150	15,806	7,344	20,710	14,867	5,843
Insurance	15,600	17,888	(2,288)	13,400	13,941	(541)
Equipment repairs	10,000	6,910	3,090	15,000	5,776	9,224
Equipment purchases	6,500	1,518	4,982	57,500	154,987	(97,487)
Construction, repair, and maintenance	674,800	493,554	181,246	761,150	568,055	193,095
Federal bridge project:	552,000	477,370	74,630	775,000	271,038	503,962
Transfers out	35,000	35,000	0	35,000	35,000	0
Total Disbursements	1,491,200	1,179,336	311,864	1,900,940	1,239,406	661,534
RECEIPTS OVER (UNDER) DISBURSEMENTS	(150,600)	47,425	198,025	(324,440)	(132,486)	191,954
CASH, JANUARY 1	429,117	429,117	0	561,603	561,603	0
CASH, DECEMBER 31	278,517	476,542	198,025	237,163	429,117	191,954
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	126,130	125,114	(1,016)	133,610	122,500	(11,110)
Interest	450	191	(259)	600	366	(234)
Other	525	358	(167)	700	506	(194)
Transfers in	5,387	2,759	(2,628)	0	0	0
Total Receipts	132,492	128,422	(4,070)	134,910	123,372	(11,538)
<b>DISBURSEMENTS</b>						
Assessor	133,666	129,596	4,070	138,741	126,071	12,670
Total Disbursements	133,666	129,596	4,070	138,741	126,071	12,670
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,174)	(1,174)	0	(3,831)	(2,699)	1,132
CASH, JANUARY 1	1,174	1,174	0	3,874	3,873	(1)
CASH, DECEMBER 31	0	0	0	43	1,174	1,131
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	3,000	2,645	(355)	3,000	2,115	(885)
Interest	0	5	5	50	5	(45)
Other	0	87	87	0	0	0
Total Receipts	3,000	2,737	(263)	3,050	2,120	(930)
<b>DISBURSEMENTS</b>						
Sheriff	3,000	2,316	684	3,600	2,163	1,437
Total Disbursements	3,000	2,316	684	3,600	2,163	1,437
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	421	421	(550)	(43)	507
CASH, JANUARY 1	551	551	0	593	594	1
CASH, DECEMBER 31	551	972	421	43	551	508



## Exhibit B

## CHARITON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT SALES TAX FUND</u></b>						
<b>RECEIPTS</b>						
Sales taxes	240,000	240,030	30	230,000	234,578	4,578
Interest	17,000	10,525	(6,475)	19,500	20,323	823
Other	19,000	26,285	7,285	14,800	13,633	(1,167)
Total Receipts	276,000	276,840	840	264,300	268,534	4,234
<b>DISBURSEMENTS</b>						
Jail lease payments	142,000	139,766	2,234	147,000	141,203	5,797
Jail building	235,550	239,760	(4,210)	126,500	16,369	110,131
Office expense:	14,575	10,511	4,064	12,175	13,032	(857)
Law enforcement expense	48,900	48,092	808	46,840	41,004	5,836
Prisoner expense:	15,800	12,760	3,040	16,300	12,195	4,105
Transfer out	0	2,350	(2,350)	5,000	3,900	1,100
Total Disbursements	456,825	453,239	3,586	353,815	227,703	126,112
RECEIPTS OVER (UNDER) DISBURSEMENTS	(180,825)	(176,399)	4,426	(89,515)	40,831	130,346
CASH, JANUARY 1	1,082,383	1,082,383	0	1,041,553	1,041,552	(1)
CASH, DECEMBER 31	901,558	905,984	4,426	952,038	1,082,383	130,345
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	350	450	100	350	363	13
Interest	0	1	1	10	3	(7)
Total Receipts	350	451	101	360	366	6
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	0	0	0	680	629	51
Total Disbursements	0	0	0	680	629	51
RECEIPTS OVER (UNDER) DISBURSEMENTS	350	451	101	(320)	(263)	57
CASH, JANUARY 1	64	64	0	327	327	0
CASH, DECEMBER 31	414	515	101	7	64	57
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	850	2,425	1,575	3,500	2,511	(989)
Interest	380	247	(133)	350	453	103
Total Receipts	1,230	2,672	1,442	3,850	2,964	(886)
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	1,900	5,215	(3,315)	3,250	1,841	1,409
Total Disbursements	1,900	5,215	(3,315)	3,250	1,841	1,409
RECEIPTS OVER (UNDER) DISBURSEMENTS	(670)	(2,543)	(1,873)	600	1,123	523
CASH, JANUARY 1	23,065	23,065	0	21,942	21,942	0
CASH, DECEMBER 31	22,395	20,522	(1,873)	22,542	23,065	523



## Exhibit B

## CHARITON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u></b>						
RECEIPTS						
Charges for service:	10	76	66	50	6	(44)
Interest	75	91	16	165	170	5
Total Receipts	85	167	82	215	176	(39)
DISBURSEMENTS						
Prosecuting Attorney	1,900	1,430	470	750	0	750
Total Disbursements	1,900	1,430	470	750	0	750
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,815)	(1,263)	552	(535)	176	711
CASH, JANUARY 1	8,630	8,630	0	8,454	8,454	0
CASH, DECEMBER 31	6,815	7,367	552	7,919	8,630	711
<b><u>VICTIMS OF DOMESTIC VIOLENCE FUND</u></b>						
RECEIPTS						
Charges for service:	340	230	(110)	475	360	(115)
Interest	60	21	(39)	75	64	(11)
Total Receipts	400	251	(149)	550	424	(126)
DISBURSEMENTS						
Domestic violence shelte	1,500	1,500	0	1,500	1,500	0
Total Disbursements	1,500	1,500	0	1,500	1,500	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,100)	(1,249)	(149)	(950)	(1,076)	(126)
CASH, JANUARY 1	2,975	2,975	0	4,051	4,051	0
CASH, DECEMBER 31	1,875	1,726	(149)	3,101	2,975	(126)
<b><u>RECORDER USER FEE FUND</u></b>						
RECEIPTS						
Charges for service:	7,500	7,473	(27)	6,300	7,783	1,483
Interest	250	174	(76)	275	250	(25)
Total Receipts	7,750	7,647	(103)	6,575	8,033	1,458
DISBURSEMENTS						
Ex OfficioRecorder of Deed	3,820	1,796	2,024	5,210	5,286	(76)
Total Disbursements	3,820	1,796	2,024	5,210	5,286	(76)
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,930	5,851	1,921	1,365	2,747	1,382
CASH, JANUARY 1	16,200	16,200	0	13,453	13,453	0
CASH, DECEMBER 31	20,130	22,051	1,921	14,818	16,200	1,382



## Exhibit B

## CHARITON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>HEALTH CENTER FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	98,348	100,087	1,739	96,799	99,218	2,419
Intergovernmental	133,136	146,233	13,097	147,365	159,732	12,367
Charges for services	58,489	61,594	3,105	52,989	58,945	5,956
Interest	3,000	3,939	939	7,000	4,868	(2,132)
Other	2,000	21	(1,979)	200	6,562	6,362
Total Receipts	294,973	311,874	16,901	304,353	329,325	24,972
<b>DISBURSEMENTS</b>						
Personnel	252,645	242,810	9,835	289,739	262,076	27,663
Office/Administrative	48,800	51,633	(2,833)	50,789	45,004	5,785
Travel/Training	16,550	9,997	6,553	14,000	9,751	4,249
Other	2,000	945	1,055	2,000	1,360	640
Total Disbursements	319,995	305,385	14,610	356,528	318,191	38,337
RECEIPTS OVER (UNDER) DISBURSEMENTS	(25,022)	6,489	31,511	(52,175)	11,134	63,309
CASH, JANUARY 1	183,817	183,817	0	172,683	172,683	0
CASH, DECEMBER 31	158,795	190,306	31,511	120,508	183,817	63,309
<b><u>LAW LIBRARY FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	1,200	3,149	1,949	1,440	2,530	1,090
Total Receipts	1,200	3,149	1,949	1,440	2,530	1,090
<b>DISBURSEMENTS</b>						
Law Books	3,000	2,484	516	1,600	2,745	(1,145)
Total Disbursements	3,000	2,484	516	1,600	2,745	(1,145)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,800)	665	2,465	(160)	(215)	(55)
CASH, JANUARY 1	79	79	0	294	294	0
CASH, DECEMBER 31	(1,721)	744	2,465	134	79	(55)
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
<b>RECEIPTS</b>						
Interest	48	63	15	168	83	(85)
Total Receipts	48	63	15	168	83	(85)
<b>DISBURSEMENTS</b>						
Supplies & Equipment	400	184	216	400	0	400
Total Disbursements	400	184	216	400	0	400
RECEIPTS OVER (UNDER) DISBURSEMENTS	(352)	(121)	231	(232)	83	315
CASH, JANUARY 1	714	714	0	631	631	0
CASH, DECEMBER 31	362	593	231	399	714	315



## Exhibit B

## CHARITON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>DRAINAGE DISTRICTS FUND</u></b>						
RECEIPTS						
Property taxes	21,947	21,708	(239)	21,947	21,171	(776)
Interest	2,998	1,938	(1,060)	3,880	3,433	(447)
Total Receipts	24,945	23,646	(1,299)	25,827	24,604	(1,223)
DISBURSEMENTS						
Supplies	400	97	303	550	126	424
Maintenance	70,150	24,038	46,112	49,500	12,665	36,835
Total Disbursements	70,550	24,135	46,415	50,050	12,791	37,259
RECEIPTS OVER (UNDER) DISBURSEMENTS	(45,605)	(489)	45,116	(24,223)	11,813	36,036
CASH, JANUARY 1	173,560	173,560	0	161,747	161,747	0
CASH, DECEMBER 31	127,955	173,071	45,116	137,524	173,560	36,036
<b><u>SENATE BILL 40 BOARD FUND</u></b>						
RECEIPTS						
Property taxes	75,193	72,273	(2,920)	72,464	70,035	(2,429)
Intergovernmental Revenue	3	16	13	3	23	20
Interest	3,000	3,230	230	3,500	3,389	(111)
Other	0	4,121	4,121	0	0	0
Total Receipts	78,196	79,640	1,444	75,967	73,447	(2,520)
DISBURSEMENTS						
Contacted Services	13,540	0	13,540	13,540	4,373	9,167
Chariton County Workshop	85,000	53,934	31,066	85,000	49,878	35,122
Other	410	141	269	907	866	41
Total Disbursements	98,950	54,075	44,875	99,447	55,117	44,330
RECEIPTS OVER (UNDER) DISBURSEMENTS	(20,754)	25,565	46,319	(23,480)	18,330	41,810
CASH, JANUARY 1	116,714	116,714	0	98,384	98,384	0
CASH, DECEMBER 31	95,960	142,279	46,319	74,904	116,714	41,810
<b><u>SHERIFF FUND</u></b>						
RECEIPTS						
Charges for service:	8,000	6,682	(1,318)	9,000	8,180	(820)
Interest	30	10	(20)	150	36	(114)
Other	1,000	1,249	249	1,500	984	(516)
Total Receipts	9,030	7,941	(1,089)	10,650	9,200	(1,450)
DISBURSEMENTS						
Sheriff	8,030	8,544	(514)	11,500	9,803	1,697
Total Disbursements	8,030	8,544	(514)	11,500	9,803	1,697
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,000	(603)	(1,603)	(850)	(603)	247
CASH, JANUARY 1	1,976	1,976	0	2,579	2,579	0
CASH, DECEMBER 31	2,976	1,373	(1,603)	1,729	1,976	247



## Exhibit B

## CHARITON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ELECTION SERVICES FUND</u></b>						
RECEIPTS						
Intergovernmental	735	594	(141)	1,900	2,120	220
Interest	65	33	(32)	40	67	27
Other	0	75	75	0	0	0
Total Receipts	800	702	(98)	1,940	2,187	247
DISBURSEMENTS						
Election expenses:	2,500	656	1,844	2,500	2,406	94
Total Disbursements	2,500	656	1,844	2,500	2,406	94
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,700)	46	1,746	(560)	(219)	341
CASH, JANUARY 1	3,158	3,158	0	3,377	3,377	0
CASH, DECEMBER 31	1,458	3,204	1,746	2,817	3,158	341
<b><u>TAX MAINTENANCE FUND</u></b>						
RECEIPTS						
Charges for service:	6,000	5,873	(127)			
Interest	35	29	(6)			
Other	40	43	3			
Total Receipts	6,075	5,945	(130)			
DISBURSEMENTS						
Salaries	137	0	137			
Office Expenditures:	50	0	50			
Equipment	600	192	408			
Mileage and training	700	621	79			
Total Disbursements	1,487	813	674			
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,588	5,132	544			
CASH, JANUARY 1	229	229	0			
CASH, DECEMBER 31	4,817	5,361	544			
<b><u>GRANT FUND</u></b>						
RECEIPTS						
Intergovernmental Revenue:	33,000	23,269	(9,731)	9,000	115,984	106,984
Operating Transfers In	3,000	12,350	9,350	5,000	3,900	(1,100)
Total Receipts	36,000	35,619	(381)	14,000	119,884	105,884
DISBURSEMENTS						
Equipment	22,000	21,350	650	14,000	12,952	1,048
Other	12,500	12,960	(460)	0	97,718	(97,718)
Transfers Out	1,500	1,497	3	3,900	9,026	(5,126)
Total Disbursements	36,000	35,807	193	17,900	119,696	(101,796)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(188)	(188)	(3,900)	188	4,088
CASH, JANUARY 1	188	188	0	52	0	(52)
CASH, DECEMBER 31	188	0	(188)	(3,848)	188	4,036



Exhibit B

CHARITON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>ENHANCED 911 FUND</b>						
<b>RECEIPTS</b>						
Sales tax	450,500	480,143	29,643	425,800	467,139	41,339
Interest	5,060	10,520	5,460	6,000	5,035	(965)
Other	0	572	572	0	0	0
Total Receipts	455,560	491,235	35,675	431,800	472,174	40,374
<b>DISBURSEMENTS</b>						
Center Construction/Set up	463,882	221,832	242,050	113,822	43,254	70,568
Personnel	64,800	24,532	40,268	0	0	0
Operations	15,100	9,421	5,679	3,000	2,120	880
Other	0	2,440	(2,440)	0	0	0
Total Disbursements	543,782	258,225	285,557	116,822	45,374	71,448
RECEIPTS OVER (UNDER) DISBURSEMENTS	(88,222)	233,010	321,232	314,978	426,800	111,822
CASH, JANUARY 1	461,818	461,818	0	35,018	35,018	0
CASH, DECEMBER 31	373,596	694,828	321,232	349,996	461,818	111,822

The accompanying Notes to the Financial Statements are an integral part of this statement



## Notes to the Financial Statements



CHARITON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Chariton County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Senate Bill 40 Board, or the Enhanced 911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Clerk Interest Fund	2003 and 2002
Tax Maintenance Fund	2002



One of the drainage districts did not prepare a budget for the years ended December 31, 2003 and 2002. As a result, cash balances reported on Exhibit A exceed cash balances reported on Exhibit B for the Drainage Districts Fund.

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Bad Check Fund	2003
Recorder User Fee Fund	2002
Law Library Fund	2002
Sheriff Fund	2003
Grant Fund	2002

Deficit budget balances are presented for the General Revenue Fund for the years ended December 31, 2003 and 2002. However, the budgets of that fund also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balances presented.

Although Section 50.740, RSMo 2000, requires a balanced budget, deficit balances were budgeted in the Law Library Fund and the Grant Fund for the years ended December 31, 2003 and 2002, respectively.

#### D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Clerk Interest Fund	2003 and 2002
Enhanced 911 Fund	2002



## 2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The financial statements do not include the cash balances of the Ex Officio County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the Ex Officio County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depositary insurance are pledged to the county rather than to specific county officials.

Of the county's bank balance at December 31, 2003, \$3,326,269 was covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name, and \$321,944 was uninsured and uncollateralized.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

The county's deposits at December 31, 2002, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Health Center Board's, Senate Bill 40 Board's, and Enhanced 911 Board's deposits at December 31, 2003 and 2002, were entirely covered by federal depositary insurance or by collateral securities held by the board's custodial bank in the board's name.



3. Prior Period Adjustment

The County Employee Retirement Fund's and Prosecuting Attorney Retirement Fund's cash balances of \$64 and \$2,404, respectively, at January 1, 2002, were previously reported but have been removed as these are not considered county operating funds.



## Supplementary Schedule



## Schedule

CHARITON COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state Department of Health and Senior Services			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS04S-3120W	\$ 12,631	13,586
U.S. DEPARTMENT OF THE INTERIOR				
15	Refuge Revenue Sharing Act	N/A	17,046	18,248
U.S. DEPARTMENT OF JUSTICE				
	Passed through:			
	State Department of Public Safety			
16.579	Byrne Formula Grant Program	N/A	170,517	134,178
16.592	Local Law Enforcement Block Grants Program	2001-LBG-109 2000-LBG-109	9,000	9,000
	Missouri Sheriffs' Association -			
16	Domestic Cannabis Eradication/Suppression Program	N/A	868	984
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Construction	BRO-021(26) BRO-021(27) BRO-021(28)	191,019 201,537 36,541	11,611 22,980 234,755
	Program Total		<u>429,097</u>	<u>269,346</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through state Department of Public Safety			
83.544	Public Assistance Grants *	FEMA DR 1403-MO FEMA DR 1412-MO	0 13,969	7,492 108,377
	Program Total		<u>13,969</u>	<u>115,869</u>



## Schedule

CHARITON COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Services -			
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Childre	ERS146-3120T	1,100	0
93.268	Immunization Grants	PGA064-2120A	0	2,609
		PGA064-3120A	1,450	0
		N/A	7,945	15,268
	Program Total		<u>9,395</u>	<u>17,877</u>
93.575	Child Care and Development Block Grant	PGA067-4120S	890	0
		PGA067-4120C	2,494	0
		PGA067-3120C	0	2,500
	Program Total		<u>3,384</u>	<u>2,500</u>
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERS161-40025	1,313	904
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-3120M	11,420	0
		ERS146-2120M	0	15,523
		DH020027012	0	400
		N/A	2,257	3,245
		N/A	74	138
	Program Total		<u>13,750</u>	<u>19,306</u>
93.288	Bioterrorism Enhanced Communications Contract	DH030170001	6,700	0
	Total Expenditures of Federal Awards		<u><u>688,770</u></u>	<u><u>601,798</u></u>

\* The CFDA number for this program changed to 97.036 in October 2003.

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.



## Notes to the Supplementary Schedule



CHARITON COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Chariton County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.



2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2003 and 2002.



FEDERAL AWARDS -  
SINGLE AUDIT SECTION



## State Auditor's Report





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission  
and  
Officeholders of Chariton County, Missouri

Compliance

We have audited the compliance of Chariton County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Chariton County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance



with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 03-01.

### Internal Control Over Compliance

The management of Chariton County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 03-01.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Chariton County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

June 10, 2004 (fieldwork completion date)



Schedule



CHARITON COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2003 AND 2002

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified        yes   x   no

Reportable conditions identified that are  
not considered to be material weaknesses?        yes   x   none reported

Noncompliance material to the financial statements  
noted?        yes   x   no

Federal Awards

Internal control over major programs:

Material weaknesses identified?        yes   x   no

Reportable condition identified that is  
not considered to be a material weakness?   x   yes        none reported

Type of auditor's report issued on compliance for  
major programs: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?   x   yes        no

Identification of major program(s):

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
16.579	Byrne Formula Grant Program
20.205	Highway Planning and Construction



Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

\_\_\_\_\_ yes        x   no

## **Section II - Financial Statement Findings**

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## **Section III - Federal Award Findings and Questioned Costs**

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

<b>03-1.                                  Procurement of Professional Services Contract</b>
---

Federal Grantor:	U.S. Department of Transportation
Pass-through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-042(26),(27), and (28)
Award Years:	2003 and 2002
Questioned Costs:	\$43,482

The county contracts with the State Highway and Transportation Commission for bridge replacement and rehabilitation under the Highway Planning and Construction Program. These projects are 80 percent federally funded.

The county incurred engineering costs of \$54,352 for projects BRO-042(26), (27), and (28). The county used one engineering firm for the various BRO projects and did not solicit proposals from other firms for these projects. The County Commission indicated that the engineering firm was chosen because of the county's prior experience with the firm on other county bridge projects; however, these reasons were not formally documented.

Sections 8.289 and 8.291, RSMo 2000, provide that when obtaining engineering services for any capital improvement project, at least three firms should be considered. The firms should be evaluated based upon specific criteria including experience and technical competence, capacity and capability of the firm to perform the work in question, past record of performance, and the firm's proximity to and familiarity with the area in which the project is located. Because the county did not solicit proposals from three firms for each project, we



have questioned costs of \$43,482, which is the federal share of engineering costs paid during 2003 and 2002.

**WE RECOMMEND** the County Commission resolve the questioned costs with the grantor agency. For future projects, a statement of qualifications and performance data should be obtained from at least three engineering firms before contracting for these services.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The County Commission provided the following response:*

*We have a good working relationship with the current firm the county uses, but we will consider other firms in the future. In addition, we will provide further documentation in the file regarding our considerations and decision-making process.*



Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*



CHARITON COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2001 included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.



Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133



CHARITON COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2001 included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.



## MANAGEMENT ADVISORY REPORT SECTION



Management Advisory Report -  
State Auditor's Findings



CHARITON COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Chariton County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 10, 2004. We also have audited the compliance of Chariton County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2003, and have issued our report thereon dated June 10, 2004.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Chariton County or of its compliance with the types of compliance requirements applicable to each of its major federal



programs but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

<b>1. County Expenditures</b>
-------------------------------

The County Commission sometimes approves expenditures without reviewing detailed supporting documentation and ensuring the goods or services have been received.

Generally, when county officials or employees attend meetings or training conferences, the county will pay registration fees and lodging costs prior to the date the event occurs. Our review identified several such expenditures (totaling approximately \$1,560) that did not have proper support. For some payments the supporting documentation consisted of the vendor name and address, amount to be paid, a brief notation of the purpose, and the requesting official's signature. Other payments included similar information, but also included reservation information or conference brochures with handwritten notations to support the amounts paid. However, there were no vendor-provided invoices or paid receipts subsequently provided to the county to support the amounts paid.

To ensure the validity and propriety of payments from county funds, the County Commission should require that all expenditures be supported by paid receipts or vendor-provided invoices. Such documentation should be obtained after the fact in those cases where payments related to registration fees or reservations are required early.

**WE RECOMMEND** the County Commission require sufficient detailed documentation and notation of receipt of goods or services be provided to support expenditures from county funds.

**AUDITEE'S RESPONSE**

*The County Commission provided the following response:*

*We have already started the implementation of this recommendation by not approving payments that do not have sufficient detailed documentation regarding the requested expenditure amount.*

<b>2. County Officials' Salaries</b>
--------------------------------------

The county has not taken action on mid-term salary increases given to the county's Associate Commissioners in 1999, there is no documentation from legal counsel supporting the Public Administrator's salary, and the Public Administrator is not assessing fees to cases.



- A. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Chariton County's Associate Commissioners' salaries were each increased approximately \$9,684 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of the statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term in office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional. On June 5, 2001, the State Auditor notified all third-class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment. While the County Commissioners indicated they consulted with the prior Prosecuting Attorney before taking the raises, the county had no documentation of such discussion. Also, the county has not documented its review of the impact of the Supreme Court decision.

Based upon the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$19,368 for the two years ended December 31, 2000, should be repaid.

- B.1. There was no documentation from legal counsel supporting whether the Public Administrator should receive the minimum salary provided by state law or a percentage of the minimum. The Public Administrator, who took office in January 2001, elected to be placed on salary rather than a fee basis. Section 473.742, RSMo 2000, provides a salary scale based on the average number of open letters in the two years preceding the term when the salary is elected. The County Commission set the Public Administrator's salary at \$13,500 (90 percent of the statutory minimum of \$15,000) to correspond with the percentage of the maximum salaries provided by state law paid to other officials for their respective offices. Without a documented legal opinion, it is not clear whether the amount paid to the Public Administrator is in accordance with state law.
2. Prior to 2001, the Public Administrator was compensated with fees assessed to cases and \$6,000 authorized by the county salary commission and paid from the General Revenue Fund. Fees taken for 2000, 1999, and 1998, were \$6,100, \$6,639, and \$10,362, respectively. Records of time and mileage were submitted to the Probate Court along with annual settlements to support fee amounts. However, since going on salary in 2001, the Public Administrator has not provided time and mileage records for the court's approval and no fees have been assessed and transmitted to the county treasury. The Associate Circuit Judge indicated that it is the court's intent that



the Public Administrator continue to account for time spent on tasks for the various cases and provide this document for the court's approval so that fees can be assessed, if appropriate. Given the current circumstances, the county is not recouping any of the additional salary costs. Section 473.742, RSMo 2000, provides that all fees collected by a Public Administrator who elects to be salaried are to be deposited in the county treasury.

**WE RECOMMEND:**

- A. The County Commission review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.
- B.1. The County Commission consult with legal counsel and determine whether the Public Administrator's salary is in accordance with state law.
- 2. The Public Administrator work with the Associate Circuit Judge to ensure appropriate fees are assessed to cases and transmitted to the county treasury.

**AUDITEE'S RESPONSE**

*The Associate Commissioners provided the following response:*

- A. *Although not documented, we discussed this issue with the former Prosecuting Attorney and followed her recommendation that these were allowable raises. The raises were approved during the 1997 salary commission meeting. A letter was obtained from the former Prosecuting Attorney in June 2004, indicating that she had consulted with us and there did not appear to be any violation of the law since the pay increase was authorized by legislation in effect at the time.*

*The County Commission provided the following response:*

- B.1. *We will contact legal counsel and determine what action is needed to resolve this issue.*

*The Public Administrator provided the following response:*

- B.2. *I am in the process of going back through cases and identifying the time spent for regular, routine tasks, such as paying bills, making nursing home visits, etc. and will then submit requests for fees to the Associate Circuit Judge if applicable. If approved, I will transmit the monies to the County Treasurer.*

*The Associate Circuit Judge provided the following response:*

- B.2. *For decedents estates there are assets to generate compensation which can be requested. I would expect and anticipate that the Public Administrator will make requests for compensation in these estates before they are closed. However, in the guardianship and/or*



*conservatorship estates, the assets for the most part are fairly modest or non-existent. The ward/protectees need all income or assets to live. The court, however, will consider any reasonable compensation request made by the Public Administrator and, if a request is made, the court will follow the law in determining the reasonable compensation, and will also consider 1) the time involved in performing the duties, 2) the difficulty of the duties involved, 3) the services performed, 4) the applicability of the professional rates, and, 5) the size and amount of the estate. The court is not aware of any statute, rule, or law which requires the guardians, conservators, or personal representatives to request compensation in an estate. This even applies to the Public Administrator. However, in those estates where there are sufficient assets to warrant it, the court believes it is prudent for the Public Administrator to make a request for compensation and since she is now on salary, the same should be paid to the County Treasurer. However, the fault lies with the legislature. After the law was passed allowing public administrators to go on salary to be paid by the county instead of being paid from fees generated from estates that were administered, there was no requirement or incentive left in the law for the public administrators to obtain compensation from the estates to be reimbursed to the county. Some incentive or requirement needs to be made into law. If the Public Administrator decided to not make any requests for compensation, I do not think there is any legal basis for this court to force her to claim it for the county.*

### **3.**

### **County Personnel Policies**

As similarly reported in our prior audit, the county's personnel policies manual has not been updated since 1989. Some of the policies contained in the manual are not being followed consistently, and additional guidelines for some county procedures need to be developed. Although the County Commission indicated in the prior report that an updated personnel policy would be completed during 2001, our recommendations have not been implemented.

- A. Policy changes, such as mileage reimbursement rates and county meal allowances, are communicated to the various county offices and officials via memos or verbal discussion. The personnel manual should be formally updated periodically to incorporate revised policies and ensure awareness on the part of all officials and employees.
- B. The county does not have formal policies regarding personal use of county phones or monthly allowance payments to some officials and employees for use of their personal cellular phones for county business.
  - 1) The county continues to allow employees to use county phones for personal calls with the understanding that the calls will be tracked and the county appropriately reimbursed for long distance charges incurred. Although the County Clerk's office has improved its review of phone bill details, there is still a need for the county to adopt a written county phone use policy and reimbursement procedure.



- 2) In recent years the county began providing a monthly allowance to various county officials and employees (i.e., \$30 to the Coroner and \$25 to the County Sheriff and deputies) for use of their personal cellular phones for county business. Cellular phone billing information submitted to the County Commission is generally limited to the front page of the cellular phone bill and provides no detail of the actual usage. Other officials are relied upon to assess whether usage is reasonable as compared to the monthly allowance. A policy is needed to ensure cellular phone costs incurred by the county are reasonable and valid.
- C. Although county policies provide for expense reimbursement requests to be submitted monthly, the Coroner and former Prosecuting Attorney submitted mileage and cellular phone reimbursement requests that pertained to several months or a year at a time. The county's ability to perform a proper review and ensure the validity of the expenses incurred is hampered by these untimely requests.
  - D. The county is a member of two multi-jurisdictional drug task forces and makes disbursements for personnel services, related payroll taxes, and other payroll withholdings for various task force personnel. These individuals are treated as county law enforcement employees and provided the same fringe benefits as other county employees, but do not always comply with the county's leave and overtime policies. For example, although the county's vacation policy requires new employees to work twelve months before accruing vacation time, some task force employees were granted twelve days of vacation on the first day of employment. In addition, overtime and compensatory time for drug task force employees is computed using a different method and pay period than the Sheriff's department. The county should reevaluate its arrangement with the task force employees to ensure policies are fairly and consistently applied.

**WE RECOMMEND** the County Commission:

- A. Establish and formally adopt a current personnel policies manual, and ensure it is updated periodically to reflect new or changed policies.
- B. Develop a formal policy regarding the use of county phones and personal cellular phones for county business.
- C. Require adherence to established county policies.
- D. Reevaluate its arrangement with the task forces and ensure fair and consistent application of policies.



## **AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A&B. We have begun working on revising the county's personnel policies manual. At each commission meeting at least one section of the manual will be reviewed for needed changes.*
- C. We will encourage officials to comply with county policies.*
- D. This is an area of concern and we will consider what changes are needed to the task force arrangements.*

<b>4. General Fixed Assets</b>
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Several prior audits have addressed the inadequacy of the county's general fixed assets records and procedures. While some improvements have been made, problems still exist.

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. The county has developed procedures and a standard form to be used by all county offices to account for their property items. In addition, the County Clerk maintains a computerized master listing of fixed assets. However, procedures have not been fully implemented, required tasks are not always performed, and the fixed asset record is incomplete.

Additions are not added to the fixed assets records as they occur and numerous equipment purchases were not recorded on the county's fixed asset listing. Examples include a computer for the Recorder's office (purchased January 2002 for \$2,700), a printer for the County Clerk's office (purchased October 2002 for \$506), and five surge protectors for the jail (purchased 2002 for \$4,500). Because of a lack of specific identifying information in the fixed asset records, it was not clear whether some radio equipment purchases and upgrades for the Sheriff's department were included. Additions to the inventory listing are not reconciled to equipment expenditures to ensure fixed assets are properly recorded.

While the County Clerk's office has identification tags available to be affixed to property items and the county has begun the tagging process, only the property items of the assessor's office, treasurer's office, road and bridge department, and the emergency operations center have been tagged. In addition, required physical inventories are not being performed. The county anticipates these procedures will be performed once all property items are tagged. There is also no documented evidence that required inspections are being performed.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Physical inventories of county property are



necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. Section 49.093, RSMo 2000, also provides for quarterly inspections by the County Commission of all county land and building.

**WE RECOMMEND** the County Commission and County Clerk work with the various county officials to ensure compliance with county fixed asset policies, property items are tagged and recorded on the fixed asset records timely, fixed asset records include proper details, and required inventories and inspections are performed.

#### **AUDITEE'S RESPONSE**

*The County Commission and County Clerk provided the following response:*

*We are in the process of working toward implementing the recommendations made above. Since completion of the audit fieldwork, equipment items in the council room, vault, County Clerk's office, Circuit Clerk's office, and Prosecuting Attorney's office have been tagged.*

<b>5. Townships' Published Financial Statements</b>
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The County Clerk does not ensure financial statements of township road boards are prepared and published as required by state law. Section 231.290, RSMo 2000, requires the County Clerk to prepare a form to be utilized by the townships to provide a detailed account of their financial activity, along with an inventory of the township's property, which should be published in a local newspaper and filed with the County Clerk.

**WE RECOMMEND** the County Clerk prepare a form to be utilized by the townships that provides a detailed account of the township's financial activity and property. In addition, the County Clerk should ensure all townships file completed financial statements with her office and publish in a local newspaper in accordance with state law.

#### **AUDITEE'S RESPONSE**

*The County Clerk provided the following response:*

*A form was developed and sent to each of the townships. We have received eleven of the townships' information and have required each township to publish their own financial statements.*



**6.****Circuit Court Accrued Costs Procedures**

As similarly discussed in several prior audit reports, formal procedures have not been established to ensure all accrued costs (court costs, incarceration costs, court-ordered restitution, and fines) pertaining to criminal and civil cases are adequately identified and pursued. Communication and overall recordkeeping procedures have serious weaknesses.

- A.1. When an order of probation or a specified court order includes the payment of victim restitution and the case does not involve a juvenile as defendant, the Circuit Judge orders that the restitution be paid through the Sheriff's department. While the Circuit Judge may set the amount of restitution, he generally defers that determination to the probation and parole officer. In either situation there is no formal communication to the Sheriff's department notifying them of their obligation to collect monies and providing such information as case number, defendant name(s), restitution amounts assessed, and payment plan details (frequency of payments, amount of individual payments). Sheriff's department personnel indicated there have been instances when they were unaware of amounts owed until a defendant came to their office to make a payment, and it then became necessary to contact the court and/or probation and parole officer for more information.
2. As of April 2004, the Sheriff's department was monitoring restitution for thirty cases totaling approximately \$73,000 in outstanding restitution. We reviewed these files and noted some concerns.
- Twelve defendants were not making payments in accordance with their order of probation or specified court order.
  - For some cases there were discrepancies between the Sheriff department's restitution payment records and the probation and parole case summary report.
  - In one instance the Sheriff's department records initially showed that approximately \$47,000 was due from one defendant, while the court records and probation and parole records showed there were actually three defendants each owing a third of this overall amount. Because only one defendant had made any payments toward the restitution balance and neither the court or probation and parole had provided case details, the Sheriff's department personnel were not aware of the other defendants.



The Sheriff indicated that he periodically reviews the cases and will notify the court and probation and parole of the lack of payments. However, without specific payment plan information, the Sheriff's department personnel may not identify problems with improper payments amounts or untimely payments, resulting in inadequate monitoring and follow up procedures.

3. The Sheriff's department personnel recently deemed some case restitution amounts to be uncollectible, removed these files from the active cases, and placed them in storage. Restitution for these cases was ordered prior to 1995 and totaled approximately \$81,000. Approximately \$51,500 remained due when the Sheriff took this action. The court was not notified and there is nothing in the court's records regarding the status of these cases.
4. Overall records of court-ordered restitution are not adequate. Except for restitution pertaining to juvenile cases, the circuit court does not enter information regarding restitution orders and amounts into the court's Justice Information System (JIS) with other criminal costs due from the defendant. The Circuit Clerk indicated this is not done since collecting the restitution is not the responsibility of the court. This, along with the fact that the Sheriff's department does not maintain a summary listing of restitution amounts due and paid, results in no complete record of restitution and lessens the county's ability to monitor and follow up on outstanding amounts due. Based on amounts discussed above, there is at least \$124,500 in unpaid court-ordered restitution that is not recorded in a summary record. A complete and accurate listing of accrued court-ordered restitution would allow the Circuit Court and Sheriff to more easily review the amounts due and to take appropriate steps to ensure amounts owed are collected or to determine if amounts are uncollectible.

To ensure that all applicable monies are received by the Circuit Court and/or Sheriff's department, formal procedures should be established and records of court-ordered restitution should be maintained. These records should be periodically reviewed to ensure that accrued restitution amounts are identified and followed up on in a timely manner.

- B. When a case is closed and the accrued costs (court costs, incarceration costs, and fines) are determined, the Circuit Clerk prepares and sends a cost bill to the defendant. If payment is not received, the Circuit Clerk does not initiate any further collection procedures. By not adequately monitoring accrued costs, these costs could remain uncollected and might eventually result in lost revenue. A summary record of outstanding costs due is not generated periodically by the Circuit Court's office to determine the amount of outstanding billings. A listing printed at our request as of January 2004 shows outstanding accrued case costs of \$106,723, which includes various costs and fines but does not include restitution amounts.



**WE RECOMMEND** the Circuit Clerk:

- A. Work with the Circuit Judge and Sheriff to improve communication efforts, develop court-ordered restitution records, and ensure that the status of cases with restitution balances are monitored and all appropriate actions are taken to pursue any unpaid amounts due.
- B. Establish adequate procedures to monitor and collect accrued costs.

**AUDITEE'S RESPONSE**

*The Circuit Clerk provided the following response:*

- A. *I talked with the probation office and the Sheriff, and we have agreed that the Sheriff's office will be informed of an order for restitution that is established, according to a certain amount. If the amount is uncertain, the probation office will determine the proper amount and inform the Sheriff. The circuit clerk's office will, in either case, inform both offices of the order for restitution. After talking to these offices I have learned that the Prosecuting Attorney's office will begin collecting court-ordered restitution, and has an excellent program to trace payments. Until this transition is made, the court will work with the Sheriff and probation office as indicated.*
- B. *I am aware that all costs have not been collected, but really not to the extent of the amount stated in the report. The amount in the report is not inaccurate, but many of the people that owe money leave this part of the country and cannot be contacted or later commit another crime and end up in prison. Many pay ten or twenty dollars on a cost bill of eleven or twelve hundred dollars. We will step up our efforts to collect by reviewing outstanding bills more frequently, and pursue the collection of the same. However, it is like trying to get blood from a turnip, because most of the debtors are basically irresponsible. Regardless, we will do our best to rectify the problem.*



## Follow-Up on Prior Audit Findings



## CHARITON COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with Government Auditing Standards, this section reports the auditor's follow-up on action taken by Chariton County, Missouri, on findings in the Management Advisor Report (MAR) of the audit report issued for the two years ended December 31, 1999. The prior recommendations which have not been implemented, but are considered significant are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

### 1. County Commission Minutes

The County Commission did not maintain adequate minutes of its meetings. Unofficial notes for the meetings were kept by one of the commissioners in a handwritten minutes book. These unofficial notes did not always include a record of votes taken and were generally vague and barely legible. The County Clerk had not typed the minutes into the official record book or submitted them to the County Commission for their approval since September 18, 1995.

#### Recommendation:

The County Commission ensure a formal and complete record of commission meetings is made and approved on a timely basis.

#### Status:

Partially implemented. Minutes for the 2004 meetings have been typed into the official record book and approved. In addition, handwritten minutes for 2003 and 2002 were legible and included a record of votes taken. Most minutes from September 1995 to 2003 still have not been typed. Although not repeated in the current MAR, our recommendation remains as stated above.

### 2. County Expenditures

- A. Bids were not always solicited nor was sufficient bid documentation always retained for some significant purchases made by the county.
- B. County procedures for approving, completing and monitoring repairs made to drainage districts did not comply with statutory provisions. Written maintenance reports were not submitted. Rather, individual landowners from drainage districts verbally requested approval from the County Commission to make the repair. County Commission considerations and approvals of such requests were not always documented in commission minutes.



Recommendation:

The County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained. If bids cannot be obtained and/or sole source procurement is necessary, the County Commission minutes should reflect the circumstances.
- B. Ensure that the process for approving, completing, and monitoring repairs and improvements made to drainage districts complies with state law. In addition, information in the County Commission minutes regarding drainage district decisions needs to be improved.

Status:

- A. Implemented.
- B. Partially implemented. Improvements were noted in the approval and documentation process. When repairs or improvements are needed, individual landowners from drainage districts, after apparently consulting with the district's advisory board, submit written requests for approval of the County Commission. Considerations and approvals of such requests are documented in commission minutes. In addition, the U.S. Army Corp of Engineers is also approving requests. Although not repeated in the current MAR, our recommendation remains as stated above.

3. General Fixed Assets

Various required inventories and inspections of fixed assets were not performed, and no reports were filed with the County Clerk. In addition, property tags were not affixed to county property.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, all general fixed assets should be tagged or otherwise identified as county-owned property.

Status:

Partially implemented. The county now has a policy and related procedures, and efforts are being made to implement a tagging system. However, the county is not doing the required



inspections and annual physical inventories. In addition, records are not complete and accurate. See MAR No. 4.

4. County Personnel Policies

The county's personnel policies manual had not been updated since 1989. Some policies were unclear or outdated. The county did not have a formal policy for phone usage.

Recommendation:

The County Commission establish and formally adopt an updated county-wide personnel policies manual that reflects current county policies. Policies regarding county phone usage should be developed and included. In addition, the County Commission should review telephone usage in the various county offices and request reimbursements as deemed appropriate.

Status:

Partially implemented. The policy manual from 1989 is still being used. Policy changes (i.e., mileage reimbursement rate changes) are communicated to the various county offices and officials via memos or verbal discussion. Although a written phone usage policy has not been adopted, the County Clerk's office reviews phone bills for inappropriate personal calls. See MAR No. 3.

5. Assessment Withholdings

The Ex Officio Collector did not consider Proposition C adjustments when determining the one percent assessment withholdings resulting in the General Revenue Fund funding a larger portion of assessment costs than necessary.

Recommendation:

The Ex Officio Collector adjust the amounts withheld from school tax collections to take into consideration the effects of Proposition C and withhold the appropriate portion for assessment purposes as provided by statute. In addition, the county should consider recalculating the assessment withholding amounts for the past years and withhold appropriate amounts from future school property tax distributions.

Status:

Partially implemented. Adjustments, totaling approximately \$10,000, were made to correct withholding amounts for the 1996 through 1999 school tax collections and the one percent assessment withholdings have been properly calculated since the last audit. No adjustments have been made for years previous to 1996. Although not repeated in the current MAR, our recommendation remains as stated above.



6. Circuit Court Liabilities

The Circuit Clerk did not prepare a monthly listing of liabilities.

Recommendation:

The Circuit Clerk establish and maintain an accurate monthly listing of liabilities which can be reconciled to the appropriate accounting records.

Status:

Implemented.

7. Circuit Court Accrued Costs Records and Procedures

- A.1. Although payments for accrued costs were not made as required by court order for several cases, appropriate actions had not been taken by the court to collect the costs from the defendant or bill the state.
- 2. The Circuit Clerk did not submit criminal cost billings to the state timely or for all applicable cases, resulting in lost revenues for the county.
- 3. Criminal cost billings prepared by the Circuit Clerk and sent to defendants, the state, or other counties were not always completed properly.
- B. The court did not pursue all options available or take appropriate follow-up action to collect outstanding restitution balances for all cases. Communication between the Circuit Clerk and Sheriff regarding the status of restitution cases was not adequate.

Recommendation:

The Circuit Clerk:

- A.1. Establish adequate procedures to monitor and collect accrued costs.
- 2. Take timely action to ensure any unbilled costs pertaining to past 120 day cases are billed to the state before the two-year time limit expires. In addition, in the future, the Circuit Clerk should ensure that all billable criminal costs are billed to the state on a timely basis.
- 3. Work with the Sheriff to ensure the accuracy of cost billings to defendants and other political subdivisions.



- B. Work with the Circuit Judge and Sheriff to ensure that the status of cases with restitution balances are monitored and all appropriate actions are taken to pursue any unpaid amounts due.

Status:

- A.1. Not implemented. See MAR No. 6.

A.2

- &3. Implemented.

- B. Partially implemented. We noted improvements in the circuit court's use of various options available to collect unpaid restitution amounts and consideration of probation and parole officer recommendations. The Sheriff does not have a summary record showing total restitution owed by the various defendants, but he does review the cases every few months to identify any individuals not making payments and notifies the court and probation and parole personnel of these cases. For concerns noted with the county's restitution collection procedures, see MAR No. 6.

8. Sheriff's Accounting Records, Controls, and Procedures

- A. Accounting and record keeping duties were not properly segregated. All employees collected receipts and had access to monies received. The bookkeeper had primary responsibility for all receipting disbursing tasks, and performed. the month end bank reconciliation, No independent oversight of these processes was performed. The monies received from the sales of snacks and sodas were not properly controlled or accounted for.
- B. The method of payment was not indicated on the receipt slips and they were not properly controlled and accounted for. Although subsidiary ledger sheets were maintained for each prisoner's inmate account, they were not reconciled to the inmate bank account balance. In addition, a periodic comparison of county purchases of snack and soda inventories to total sales and monies periodically remitted to the County Treasurer was not performed.

Recommendation:

The Sheriff:

- A. Limit the access to monies received, maintain records of all monies received and disbursed, compare the composition of receipts to deposits, and properly review and approve the monthly bank reconciliations.
- B.1. Indicate the method of payment of all receipt slips, properly control receipt slips, and properly account for the numerical sequence.



2. Investigate the reason for the unreconcilable difference between the subsidiary ledger sheets and inmate account and prepare a monthly listing of individual inmate balances to document what comprises the bank balance.
3. Perform periodic comparisons of county purchases to overall sales and transmittals to the County Treasurer.

Status:

A&B. Implemented.



## STATISTICAL SECTION



History, Organization, and  
Statistical Information



CHARITON COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1820, the county of Chariton was possibly named after the Chariton River or possible after John Chavrette, a fur trader who drowned in what is now the Chariton River. Chariton County is a township-organized, third-class county and is part of the Ninth Judicial Circuit. The county seat is Keytesville.

Chariton County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, 218 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The townships maintain approximately 800 miles of county roads.

The county's population was 10,489 in 1980 and 8,438 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2003	2002	2001	2000	1985* 1980**
		(in millions)				
Real estate	\$	48.3	46.9	46.3	45.6	46.2 28.4
Personal property		24.1	25.5	24.9	24.6	10.9 11.2
Railroad and utilities		32.6	32.4	29.7	29.9	31.8 24.5
Total	\$	105.0	104.8	100.9	100.1	88.9 64.1

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Chariton County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund	\$	.2900	.2900	.2900	.2900
Health Center Fund		.0993	.0989	.1000	.1000
Senate Bill 40 Board Fund		.0800	.0700	.0700	.0700



Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2004	2003	2002	2001
State of Missouri	\$ 31,397	31,198	29,991	29,687
General Revenue Fund	333,177	332,774	331,100	323,597
Special Road and Bridge Fund	728,381	720,930	701,771	695,840
Assessment Fund	61,001	60,783	59,441	64,683
Health Center Fund	101,751	100,748	97,938	97,216
Senate Bill 40 Board Fund	82,309	71,926	69,017	67,973
School districts	3,964,387	3,950,574	3,819,065	3,741,473
Townships	108,759	108,083	104,997	105,595
Ambulance district	248,926	257,454	256,827	254,722
Fire protection district	88,578	87,726	88,581	89,134
Drainage districts	21,906	21,621	21,532	22,519
Watershed district	3,701	3,747	3,557	3,837
Cities	39,885	39,287	35,442	36,985
County Clerk	305	293	285	291
County Employees' Retirement	13,534	13,125	13,048	12,553
Tax Maintenance Fund	6,143	2,690	0	0
Commissions and fees:				
Township Collectors	41,647	41,656	41,626	40,830
General Revenue Fund	70,221	69,420	65,052	64,849
Total	\$ 5,946,008	5,914,033	5,739,269	5,651,784

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2003	2002	2001	2000	
Real estate	97	97	97	97	%
Personal property	95	96	97	95	
Railroad and utilities	100	100	100	100	
Drainage districts	97	97	97	98	



Chariton County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	%
General	\$ .0050	None	50	
Law Enforcement	.0050	None	None	
Enhanced 911	.0100	None	None	
Use Tax	.0100	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:					
Larry R. Peters, Presiding Commissioner		24,572	24,572	23,384	23,384
Gail Brown, Associate Commissioner		22,572	22,752	21,384	21,384
Ray Dowell, Associate Commissioner		22,572	22,752	21,384	21,384
Susan Littleton, County Clerk		34,200	34,200	32,400	32,400
Robert Wheeler, Prosecuting Attorney		6,750			
Julie Fox, Prosecuting Attorney		33,750	40,500	38,700	38,700
Christopher Hughes, Sheriff		37,800	37,800	36,000	35,000
Larry Breshears, County Coroner		9,900	9,900	9,000	
William Leatherwood, County Coroner					5,500
Patti Yung, Public Administrator (1)		13,500	13,500	19,500	12,100
Beverly Vasser, Treasurer and Ex Officio County Collector, year ended February 28 (29),	34,200	34,200	31,486	28,745	
Darrin Gladbach, County Assessor (2), year ended August 31,		35,100	35,100		
Jerry Hayes, County Assessor (2), year ended August 31,				33,300	33,300
Marcus Magee, County Surveyor (3)					

(1) Includes fees received from probate cases in 2000. Beginning in 2001, the Public Administrator elected to receive a salary in lieu of fees. The 2001 amount also includes \$6,000 in salary received for 2000.

(2) Includes \$900 annual compensation received from the state.

(3) Compensation on a fee basis.

State-Paid Officials:

Robert Widmer, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	47,300	47,300	46,126
Michael Midyett, Associate Circuit Judge	96,000	96,000	96,000	97,382

Following the completion of the jail in 1995, the county entered into a 20 year lease-purchase agreement to pay for the building. At December 31, 2003, the county owed \$1,190,000 in principal and \$530,731 in interest for a total of \$1,720,731. However, in July 2004, the county paid \$958,329, the remaining principal on this loan; saving approximately \$490,000 in interest.